




**MAPLE LEAF GARDENS, LIMITED**

**ANNUAL REPORT**

**31st AUGUST, 1976**



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**MAPLE LEAF GARDENS, LIMITED**

**FORTY- FIFTH  
ANNUAL REPORT**

**For the year ended  
31st August, 1976**



# MAPLE LEAF GARDENS, LIMITED

## DIRECTORS

Harold E. Ballard  
Norman L. Bosworth  
A. Campbell Burgess, Q.C.  
Lorne W. Duguid  
Donald P. Giffin  
Dr. J. L. Hall  
Edward Lawrence  
Paul McNamara, Q.C.  
Douglas H. Roxborough

## OFFICERS

### Maple Leaf Gardens, Limited

Paul McNamara, Q.C., Chairman of the Board  
Harold E. Ballard, President and Chief Executive Officer  
A. Campbell Burgess, Q.C., Secretary  
J. Donald Crump, C.A., Treasurer

### Maple Leaf Hockey Club

Harold E. Ballard, President  
F. M. Clancy, Vice-President  
J. M. Gregory, General Manager  
D. J. McLellan, Assistant General Manager  
L. P. Kelly, Coach

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REGISTRAR AND TRANSFER AGENT  
Canada Permanent Trust Company

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OFFICES  
60 Carlton Street  
Toronto, Ontario M5B 1L1



# MAPLE LEAF GARDENS, LIMITED

## DIRECTORS REPORT TO THE SHAREHOLDERS OF MAPLE LEAF GARDENS

What is Maple Leaf Gardens? First of all it's home for the Toronto Maple Leaf Hockey Team which on February 14, 1977 celebrates its 50th Anniversary. To most of us The Leafs are the link with dreams of past years when we suffered the pain of defeats as well as the glories of the successes of our heroes. They were the familiar sound of home to many during the war years and today they provide an inspiration to a great many young Canadians and entertain a vast number of fans throughout Ontario and the rest of Canada.

The Gardens is home to many family attractions and the fond memories of the circus clowns, the dazzling performances of champion skaters, and the numerous appearances of many stars over the years have provided many of us with a taste of show business.

The Gardens is also a home for a great many charitable events. The arena has been made available, without cost, to hold the Mentally Retarded Olympics, The Timmy Tyke Tournaments, and many other worthwhile functions and will continue to be available. It is home to the Public Schools and Toronto Playground for their hockey finals and track events.

The Gardens is home for many people who depend on it for their income. Their dedication over the years has made Maple Leaf Gardens the best arena in the world. They come from all classes and races. They are carpenters, plumbers, electricians, bookkeepers, ticket sellers, ushers, floor sweepers and hockey players and many others too numerous to mention.

The Gardens is also a Company where over 1200 Canadians have invested and have received a fair return on that investment. A great many of them are tradesmen who have held their shares from the inception of the Company when they accepted part of their construction wages in stock.

The Gardens is also our subscribers to whom we owe a great debt of gratitude for their continued support. It is also those who hope to be subscribers for whom we wish we could all accommodate.

On behalf of the Board of Directors, I would like to take this opportunity to thank all of those that make up the Gardens for contributing to another successful year. Management will continue to provide the tools necessary for the Gardens to meet its every commitment whether it be to its patrons, to its employees, to the community or to its shareholders.

Sincerely,

Toronto,  
January 3, 1977

HAROLD E. BALLARD,  
President and Managing Director



# MAPLE LEAF GARDENS, LIMITED

## CONSOLIDATED STATEMENT OF INCOME YEAR ENDED AUGUST 31, 1976

	<u>1976</u>	<u>1975</u>
Revenue from operations	\$11,982,623	\$12,021,484
Investment and other income	65,828	74,395
	<u>12,048,451</u>	<u>12,095,312</u>
Operating expenses	9,654,270	10,042,978
	<u>2,394,181</u>	<u>2,052,901</u>
Income before income taxes and extraordinary item		
Income taxes		
Current	1,215,400	1,170,000
Deferred (reduction)	(69,800)	(104,000)
	<u>1,145,600</u>	<u>1,066,000</u>
Income before extraordinary item	1,248,581	986,901
Provision for decline in value of note receivable from N.H.L. Expansion Clubs net of current income tax recovery of \$44,700 and deferred income tax reduction of \$69,500 (note 2)	435,527	—
	<u>\$ 813,054</u>	<u>\$ 986,901</u>
Net income		
Earnings per share		
Income before extraordinary item	\$1.70	\$1.34
Extraordinary item	(.59)	—
Net income	<u>\$1.11</u>	<u>\$1.34</u>

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS YEAR ENDED AUGUST 31, 1976

	<u>1976</u>	<u>1975</u>
Balance at beginning of year	\$ 2,337,424	\$ 2,269,998
Net income	813,054	986,901
	<u>3,150,478</u>	<u>3,256,899</u>
Dividends — \$2.50 (\$1.25 in 1975) per share	1,838,950	919,475
	<u>\$ 1,311,528</u>	<u>\$ 2,337,424</u>
Balance at end of year		

(See accompanying notes)





# MAPLE LEAF GARDENS, LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION YEAR ENDED AUGUST 31, 1976

	<u>1976</u>	<u>1975</u>
Working capital derived from		
Operations		
Income before extraordinary item	\$1,248,581	\$ 986,901
Items not involving working capital		
Depreciation and amortization	502,120	622,706
Deferred income taxes	(69,800)	500
Write off of interest accrued on notes receivable from N.H.L. Expansion Clubs	33,911	—
Provision for loss on investment in Limited Partnership	—	149,999
Recovery of current income taxes on provision for loss on note receivable from N.H.L. Expansion Clubs	44,700	—
	<u>1,759,512</u>	<u>1,760,106</u>
Increase in deferred compensation	775	39,022
Reduction of non-recurrent portion of notes receivable	29,900	—
	<u>1,790,187</u>	<u>1,799,128</u>
Working capital applied to		
Dividends	1,838,950	919,475
Additions to fixed assets	228,292	155,175
Deferred charges	238,357	503,748
Increase in investment in shares of mutual funds	4,242	42,528
Increase in non-current portion of notes receivable	—	55,200
Reclassification of notes receivable and accrued interest thereon relating to expansion receipts	—	188,169
	<u>2,309,841</u>	<u>1,864,295</u>
Decrease in working capital position	519,654	65,167
Working capital deficiency at beginning of year	2,339,553	2,274,386
Working capital deficiency at end of year	<u>\$2,859,207</u>	<u>\$2,339,553</u>

(See accompanying notes)



# MAPLE LEAF GARDENS

(Incorporated under the laws of the Province of Ontario)

## CONSOLIDATED BALANCE SHEET

	<u>1976</u>	<u>1975</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash, including interest bearing deposits	\$2,134,735	\$2,229,949
Accounts receivable	212,904	184,615
Current portion of other notes receivable	22,900	14,800
Prepaid expenses	149,515	96,841
	<u>2,520,054</u>	<u>2,526,205</u>
<b>INVESTMENTS AND OTHER ASSETS</b>		
Notes receivable		
N.H.L. Expansion Clubs, at cost less provision for decline in value (note 2)	549,727	1,133,365
Other	58,700	88,600
Investment in shares of mutual funds, at cost (quoted market value \$138,235; 1975, \$116,394) (note 3)	127,161	122,919
Investment in Limited Partnership, at nominal value (note 4)	1	1
	<u>735,589</u>	<u>1,344,885</u>
<b>FIXED ASSETS</b> (note 5)		
Land, buildings and equipment, at cost	6,285,424	6,057,132
Less accumulated depreciation	3,089,339	2,912,461
	<u>3,196,085</u>	<u>3,144,671</u>
<b>DEFERRED CHARGES</b> less amortization	493,727	580,612
<b>FRANCHISES</b>	100,001	100,001
	<u>\$7,045,456</u>	<u>\$7,696,374</u>

Approved by the Board

HAROLD E. BALLARD, Director

PAUL McNAMARA, Director

AUDITOR

To the Shareholders of  
Maple Leaf Gardens, Limited

We have examined the consolidated balance sheet of Maple Leaf Gardens, Limited, and the earnings and changes in financial position for the year then ended. Our examination was limited to the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to the realization of the notes receivable referred to above, these consolidated financial statements present fairly the financial position of the company as at the year end, and the results of its operations for the year then ended, in accordance with generally accepted accounting principles.

Toronto, Canada  
December 8, 1976



# RIDGEMAN, LIMITED

(Incorporated under the laws of Ontario)

STATEMENT — AUGUST 31, 1976

## LIABILITIES

	<u>1976</u>	<u>1975</u>
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$1,376,759	\$ 504,449
Income and other taxes payable	414,686	1,004,726
Deferred income	3,587,816	3,356,583
	<u>5,379,261</u>	<u>4,865,758</u>
<b>DEFERRED COMPENSATION PAYABLE</b> (note 3)	<u>112,188</u>	<u>111,413</u>
<b>DEFERRED INCOME TAXES</b>	<u>205,700</u>	<u>345,000</u>

## SHAREHOLDERS' EQUITY

<b>CAPITAL STOCK</b>		
Authorized — 1,000,000 shares without par value		
Issued — 735,580 shares	36,779	36,779
<b>RETAINED EARNINGS</b>	<u>1,311,528</u>	<u>2,337,424</u>
	<u>1,348,307</u>	<u>2,374,203</u>
	<u>\$7,045,456</u>	<u>\$7,696,374</u>
Contingent liabilities (notes 4 and 6)		

## REPORT

audited as at August 31, 1976 and the consolidated statements of income, retained earnings and surplus included a general review of the accounting procedures and such tests of the books and records as the circumstances required.

In our report on the consolidated financial statements for the year ended August 31, 1976, we referred to note 2 and the possible effects thereof on the consolidated financial statements, and the results of their operations and the changes in the accounting principles applied on a basis consistent with that of the preceding year.

THORNE RIDDELL & CO.  
Chartered Accountants

# MAPLE LEAF GARDENS, LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED AUGUST 31, 1976

### 1. SUMMARY OF ACCOUNTING POLICIES

#### Principles of Consolidation

The consolidated financial statements include the accounts of the company and its wholly owned subsidiary company, Oklahoma City Blazers Inc. Subsequent to August 31, 1976 Oklahoma City Blazers Inc. ceased active operations. No material loss is anticipated as a result of this decision.

#### Basis of Translation

Assets, liabilities, revenues and expenses, which are maintained in U.S. dollars, have been translated to Canadian dollars at the following rates of exchange:

- (a) Current assets and liabilities—at the rate of exchange prevailing at the balance sheet date;
- (b) Non-current assets and liabilities—at the rate of exchange prevailing at the dates of acquisition of these assets and liabilities;
- (c) Revenue and expense—at the average rate of exchange during the year except for depreciation which is translated on the same basis as the related fixed assets.

#### Fixed Assets

Land, buildings and equipment are stated at cost. Depreciation is provided on a diminishing-balance basis, generally using rates of 5% for buildings and 20% for equipment.

#### Deferred Charges

The company has entered into employment contracts with certain of its employees which call for substantial initial cash payments. These cash payments are reflected on the consolidated balance sheet as deferred charges and are being amortized over the life of the employment contracts.

#### Franchises

Franchises represent the costs of purchase of the predecessor hockey club which upon reorganization eventually became the Toronto Maple Leaf Hockey Club and a member of the N.H.L. The franchise rights are recorded as an intangible asset and are not being amortized as management believes they have a continuing value.

#### Deferred Income

Deferred income principally represents season ticket payments received in advance for the 1976-77 N.H.L. hockey season. These amounts will be recorded in income as earned.

#### Income Taxes

The company charges earnings with income taxes currently payable and also with income taxes deferred by claiming certain costs for income tax purposes in excess of related costs charged to income. Similarly, certain revenues are recorded in the accounts before they are recognized for income tax purposes. The accumulated total of such income tax deferments is reflected in the consolidated balance sheet as "Deferred income taxes".

#### Revenue and Expense

Included in revenues are (a) the gross revenues for those attractions for which Maple Leaf Gardens, Limited is the promoter and (b) a minimum rent or percentage of the gate (whichever is greater) in those cases where the company is merely offering their facilities as a landlord.





# MAPLE LEAF GARDENS, LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) YEAR ENDED AUGUST 31, 1976

The company has adopted the practice of recognizing the revenue from the N.H.L. expansions in the year in which the expansions took place. Similarly, certain revenues and expenses that relate principally to succeeding hockey seasons are deferred in the accounts and charged or credited to income in the appropriate fiscal years.

### 2. NOTES RECEIVABLE — N.H.L. EXPANSION CLUBS

During the year the N.H.L. Member Clubs concluded negotiations with four member clubs as to the refinancing of the principal and interest on notes related to franchises purchased in the 1972 and 1974 N.H.L. expansions. The refinancing provided for a moratorium on interest and principal repayments until Maple Leaf Gardens 1977 fiscal year, the capitalization of interest originally due in the fiscal years 1974-1977 and the extension of the dates by which principal payments must be paid.

Subsequent to this refinancing one of the four member clubs referred to above ceased operations, was acquired by new owners and was transferred to a new city. As part of this re-arrangement the N.H.L. renegotiated the terms of the notes payable by this club. Part of the renegotiation called for payments on a portion of the notes receivable being contingent upon the financial results of the member club.

As well, the three other member clubs referred to above have requested further adjustments as to the terms and balances of the notes payable by them. They have suggested cash settlements which would call for substantial discounts on both the present principal and interest balances owing. At the present time it is uncertain as to whether these proposals will be accepted by the other N.H.L. member clubs. While the management of Maple Leaf Gardens, Limited is uncertain as to the amount, if any, that will ultimately be collected on the outstanding balance of notes receivable from expansion clubs, they have, based upon the information disclosed in the preceding two paragraphs, made a provision for loss of \$549,727 net of income taxes of \$114,200 in the 1976 financial statements. The provision represents approximately 50% of the balance of the notes receivable outstanding as at August 31, 1976, and is reflected as an extraordinary item. As well, all interest previously accrued on these notes has been written off in the year, no interest has been accrued in the current year nor has any portion of the notes receivable been reflected in current assets.

These notes are secured by a first floating charge on the franchises granted.

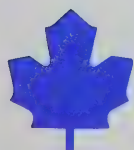
### 3. INVESTMENT IN SHARES OF MUTUAL FUNDS

Under the terms of an employment contract the company has agreed to a twenty year deferred compensation plan whereby the company will invest \$198,000 in shares of mutual funds over a five-year period, \$79,200 of which remains to be invested.

### 4. INVESTMENT IN LIMITED PARTNERSHIP

The company holds a 1/15 interest in a Limited Partnership and shares in the profits or losses of the Partnership to the extent of 6.45%. The Partnership was formed to acquire the Oakland Hockey Club (now Cleveland) and operate that hockey club until a purchaser could be found. Effective June 1, 1975 the Limited Partnership entered into an agreement to sell all of the hockey assets of the Oakland Hockey Club and since that date has ceased active operations.

Maple Leaf Gardens, Limited is contingently liable for certain notes payable owed to a previous owner of the Oakland Hockey Club. The company's portion of this contingent liability amounted to \$180,00 as at August 31, 1976.





# MAPLE LEAF GARDENS, LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) YEAR ENDED AUGUST 31, 1976

### 5. FIXED ASSETS

	1976			1975
	Cost	Accumulated depreciation	Net	Net
Land	\$1,332,935		\$1,332,935	\$1,187,385
Land improvements	29,542	\$ 11,900	17,642	18,165
Buildings	3,533,796	2,085,220	1,448,576	1,463,068
Machinery and equipment	1,363,601	975,555	388,046	465,357
Automotive equipment	25,550	16,664	8,886	10,696
	<u>\$6,285,424</u>	<u>\$3,089,339</u>	<u>\$3,196,085</u>	<u>\$3,144,671</u>

### 6. CONTINGENT LIABILITIES

- (a) There are a limited number of continuing actions and one new action in the United States against the N.H.L. and its member clubs for damages and costs allegedly sustained by plaintiffs by reasons of, amongst other items, alleged violations of United States anti-trust laws.

The majority of actions referred to in prior years have been settled during the year at minimal cost to the N.H.L. and its member clubs.

While the above actions are being defended, it is not possible, in the opinion of the company's solicitors, to predict the outcome or the extent of any liability should any of the actions ultimately be successful.

- (b) The company is co-defendant in an action which claims that the arrangement for playing some basketball games in Maple Leaf Gardens breached an exclusive right which the claimant alleged he possessed to promote basketball in Toronto. This action was heard in September of 1976 and judgment of the court has not yet been rendered.

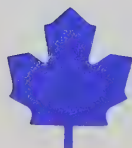
### 7. OTHER STATUTORY INFORMATION

	1976	1975
Remuneration of directors and senior officers (as defined by The Business Corporations Act which definition includes hockey players if they are amongst the five highest paid employees)	\$998,500	\$944,325
Depreciation	176,878	192,788
Amortization of deferred charges	325,242	429,918

### 8. ANTI-INFLATION LEGISLATION

The company is subject to the regulations of the Anti-Inflation Act (Canada) which became effective October 14, 1975. This Act imposes restrictions on profit margins, prices, compensation to employees and payment of dividends to shareholders. Under these regulations, annual dividends for the year from October 14, 1976 to October 13, 1977 cannot be in excess of \$1.35 per share.

At August 31, 1976, based upon the company's present understanding of the Anti-Inflation Act, it has complied with the provisions of that Act.













HOME OF THE TORONTO MAPLE LEAF HOCKEY CLUB